



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

June 2, 2008
22M:367:SEC:8009

Mr. Ron Crossley, Executive Director
Southeast Los Angeles County
Workforce Investment Board
10900 E. 183rd Street, Suite 350
Cerritos, CA 90703

Dear Mr. Crossley:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Southeast Los Angeles County Workforce Investment Board's (SELACO) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Ms. Stacy Corrales from December 3, 2007 through December 7, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SELACO with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with SELACO representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, SELACO's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on February 21, 2008 and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed finding 3 cited in the draft report, no further action is required and we consider the issue resolved. Also, your response adequately addressed finding 4 cited in the draft report, however, this issue will remain open until we verify your implementation of your stated corrective action plan during a future onsite review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 80069. Finally, your response did not adequately address findings 1, 2, and 5 cited in the draft report, we consider these findings unresolved. We requested that SELACO provide the Compliance Review Division (CRD) with corrective action plans (CAP) and additional information to resolve the issues that led to the findings. Therefore, these findings remain open and have been assigned Corrective Action Tracking System (CATS) numbers 80066, 80067, and 80070.

BACKGROUND

The SELACO was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, SELACO was allocated: \$767,069 to serve 261 adult participants; \$798,393 to serve 152 youth participants; and \$798,008 to serve 324 dislocated worker participants.

For the quarter ending September 30, 2007, SELACO reported the following expenditures for its WIA programs: \$31,997 for adult participants; \$58,008 for youth participants; and \$93,134 for dislocated worker participants. In addition, SELACO reported the following enrollments: 161 adult participants; 64 youth participants; and 263 dislocated worker participants. We reviewed case files for 35 of the 381 participants enrolled in the WIA program as of December 3, 2007.

PROGRAM REVIEW RESULTS

While we concluded that, overall, SELACO is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Memorandum of Understanding (MOU), Local Workforce Investment Board (LWIB) composition, participant eligibility, management information systems reporting, and 90 days of participant inactivity. The findings that we identified in these areas, our recommendations, and SELACO's proposed resolution of the findings are specified below.

FINDING 1

Requirement:

WIA 118(c)(1-2)(A)(i-iv)(B) describes the development and contents of MOU's between the local board and One-Stop partners.

20 CFR 662.230(c) states, in part, that required One-Stop partners must enter into an MOU with the Local Board relating to the operation of the One-Stop system that meets the requirements of Section 662.300, including a description of services, and methods for referrals:

20 CFR 662.310(b) states, in part, that Local Workforce Investment Boards (LWIB), local chief elected officials and partners may request assistance from the State agency that is responsible for administering the non-signing partner program, from the Governor, from the California Workforce Investment Board (CWIB) and from other parties. If a good faith negotiation fails to result in agreement, the LWIB and affected partners must document the negotiations and efforts that have taken place and must each report the inability to reach agreement to the Governor or CWIB and the State agency that is responsible for administering the program(s) of the partner(s) with whom agreement could not be reached.

WIAD05-6 states, in part, that in the event that a LWIB has concluded that there is negotiations impasse, it shall inform the affected required One-Stop partners that the provision of 662.310(b) of the federal WIA Regulations must be implemented by the LWIB and the affected partners.

Observation:

The SELACO does not have MOU's with its required One-Stop partners, California State Department of Rehabilitation (DOR), Cerritos College, Los Angeles County Community Action Agency (LACCA), and the Los Angeles Community Authority (LACA). While there has been progress in securing MOU's with DOR, there has been little advancement in developing MOU's with Cerritos College, LACCA, and LACA and the negotiations have reached an impasse. There were similar findings in our PYs 2005-06 and 2006-07 85-Percent Program Final Monitoring Reports.

Recommendation: We recommended that SELACO develop a CAP, including a timeline, for entering into MOU's with all required partners. We also recommended that SELACO implement the requirements of WIAD05-6 for those partners with whom there is an impasse in the MOU negotiations and obtain technical assistance from its Workforce Services Division Regional Advisor. Finally, we recommended that SELACO provide CRD with copies of all MOU's once they are signed by all required parties.

SELACO Response: The SELACO stated that its MOU with DOR has been approved by the SELACO WIB and has been sent to DOR for its final review and signature. Once the signed MOU has been received, a copy will be forwarded to CRD. Also, SELACO states that there is no impasse in MOU negotiations with its other onsite partners, however, meeting timelines between partner executive boards vary, creating a delay for completing MOU's in a timely manner. We hope to submit an updated status on MOU's for Cerritos College and LACCA before May 30, 2008.

State Conclusion: Based on SELACO's response, we cannot resolve this issue at this time. While we recognize the progress made concerning its MOU with DOR, SELACO has not submitted a timeline for completion and execution of MOU's with onsite partners Cerritos College, LACCA, and LACA. While it states that there is no impasse, SELACO has not submitted any documentation of its progress to complete, sign, and execute the required MOU's with the remaining partners. We recommend that SELACO develop a CAP, including a timeline, for entering into MOU's with all required partners. Finally, we recommend that SELACO provide CRD with copies of all MOU's once they are signed by all required parties. Until then, this issue will remain open and has been assigned CATS number 80066.

FINDING 2

Requirement:

WIA 117(b)(2)(A)(i-ii, and iv-vi) states, in part, that the membership of each local board shall include representatives of:

- Business in the local area who are owners, chief executives, or operating officers, and other executives or employers with optimum policymaking or hiring authority;

- Local educational institutions;
- Community based organizations (CBO's);
- Economic development agencies; and
- Each One-Stop partner.

20 CFR 661.315(a) states, in part, that the local board must contain two or more members representing the categories described in WIA 117(b)(2)(A)(i-v).

20 CFR Section 662.200(b)(6) states, in part, that the required partners in local One-Stop system include the entities that represents programs authorized under the Senior Community Services Employment Program.

Observation:

The SELACO Workforce Investment Board (WIB) includes one business member who is now retired from his former position. Additionally, SELACO WIB is missing one of the two required education, CBO, and economic development agency representatives. Finally, SELACO WIB does not have a member representing the Senior Community Service Employment Program authorized under Title V. We noted the absence of one of two CBOs and one of two economic development agency representatives in CRD Final 85-Percent Program Monitoring Reports for PYs 2005-06 and 2006-07.

Recommendation:

We recommended that SELACO provide CRD with a CAP, including a timeline, for appointing the required members currently not represented on the board. We also recommended that once these positions are filled, SELACO provide CRD with an updated roster of all members.

SELACO Response: The SELACO stated that it recently appointed representatives for the educational agency position and one business representative position and provided an updated WIB roster. Also, SELACO has a representative for the Senior Community Service Employment Program authorized under Title V pending WIB approval. Finally, SELACO WIB and the WIB policy board are working hard to recruit the remaining vacant positions. Once this is completed, an updated roster will be submitted to CRD.

State Conclusion: Based on SELACO's response, we cannot resolve this issue at this time. We recognize that SELACO has appointed the missing education institution representative and appointed a business representative to replace the retired business representative and consider this portion of the finding resolved. We also recognize the pending appointment of the Senior Community Service Employment Program representative authorized under Title V. However, SELACO did not provide a timeline for appointing the remaining CBO and economic development agency representatives. We again recommend that SELACO provide CRD with a timeline for appointing the required members currently not represented on the board. Once these positions are filled, we recommend that SELACO provide CRD with an updated roster of all members. Until then, this issue will remain open and has been assigned CATS number 80067.

FINDING 3

Requirement: WIA Section 101(9) states, in part, that a dislocated worker is an individual who:

- Has been terminated or laid off, or has received a notification of termination or layoff; and
- Is eligible for or has exhausted entitlement to unemployment compensation; and
- Is unlikely to return to a previous industry or occupation.

20 CFR Section 663.105 states, in part, that registration is the process for collecting information to support a determination of eligibility. This information may be collected through methods that include electronic data transfer, personal interview, or an individual's application.

WIAD04-18 states, in part, that One-Stop Operators and applicants must make reasonable efforts to document eligibility for WIA funded programs. However, applicant statements may be used when an item is unverifiable or it is unreasonably difficult for the applicant to obtain.

Observation: We reviewed 23 dislocated worker case files. One of the 23 participants was deemed eligible for the dislocated worker program based on the dislocated worker eligibility criteria defined above. However, this case file did not contain documentation that the participant was receiving or had exhausted entitlement to unemployment insurance.

Recommendation: We recommended that SELACO provide CRD with documentation to establish that the participant was eligible for or had exhausted entitlement to unemployment insurance.

SELACO Response: SELACO notes that WIAD05-10 states, in part, that the Employment Development Department's (EDD) form DE1182WIA is the only approved form and process by which WIA subgrantees may receive Unemployment Information directly from EDD effective November 21, 2005. Form DE1182WIA was in the participant's case file at the time of CRD's review and indicated that the participant had not exhausted his benefits. Finally, SELACO provided documentation that this participant was exited October 30, 2007.

State Conclusion: We consider this finding resolved.

FINDING 4

Requirement: WIA Section 185 (c)(2) states, in part, that each local board and each recipient receiving funds shall maintain comparable management information systems (MIS) designed to facilitate the uniform compilation and analysis of programmatic, participant, and financial data necessary for monitoring and evaluating purposes. In addition, WIA Section 185(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

20 CFR Section 667.300 (b)(1) states, in part, that a state or other direct grant recipient may impose different forms or shorter formats, shorter due dates, and more frequent reporting requirements on subrecipients.

WIAD04-17 states, in part, that all recipients of WIA funds will submit client data via the JTA system, complying with the specifications for each data field. Additionally, this directive defines activity codes for the enrollment forms.

Observation:

We reviewed 35 adult and dislocated worker participant case files and found that five participants received supportive services, but the participants were not enrolled in this activity.

Subsequent to our onsite review, SELACO e-mailed copies of JTA enrollment forms on December 12, 2007, documenting enrollment in supportive services for the five participants, therefore, this portion of the finding is resolved.

Recommendation:

We recommended that SELACO provide CRD with a CAP indicating how they will ensure that, in the future, participants are appropriately enrolled in the supportive services component.

SELACO Response:

The SELACO stated that its ongoing staff development meetings will include a review of WIA reporting forms to re-emphasize the importance of using activity codes on the enrollment forms to accurately reflect services provided. In addition, MIS will generate a report that will list participants receiving supportive services upon receiving petty cash or check requests to ensure consistency with internal management system and participant activity enrollment reporting.

State Conclusion:

The SELACO's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, SELACO's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80069.

FINDING 5

Requirement:

WIA 185(c)(2) states, in part, that each Local Board and each recipient receiving funds shall maintain comparable management information systems, designed to facilitate the uniform compilation and analysis of programmatic and financial data necessary for monitoring and evaluating purposes.

In addition, WIA 185(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

The Department of Labor, Training and Employment Guidance Letter (TEGL) 17-05 states, in part, that the term program exit means a participant has not received a service funded by the program or funded by a partner program for 90 consecutive calendar days, and is not scheduled for future services. The exit date is the last date of service.

Additionally, TEGL 17-05 states, in part, that once a participant has not received any WIA funded or partner services for 90 days (except follow-up services, and there is no planned gap in service or the planned gap in service is for reasons other than those related to health/medical condition and delay in training) that participants must be exited from WIA. The exit date is the last date of WIA funded or partner received services.

Observation:

We found eight of 35 participant case files included gaps in services that range between 107 and 1,104 days. Although some of these participants received telephone contacts or attempted telephone contacts, no WIA services were provided to these eight participants.

Recommendation:

We recommended that SELACO provide CRD with a CAP, including a timeline, explaining how it will ensure, in the future, that no more than 90 days will lapse without providing and documenting services provided to participants, or exit the participants as of the last date of receipt of service and ensure that the exit information is recorded in the Job Training Automation (JTA) system.

We also recommended that SELACO provide CRD with documentation to demonstrate that either services are being provided to the eight participants noted above or that they were exited from the WIA program and send CRD documentation of its actions. We further recommended that SELACO review all its

June 2, 2008

active case files and take similar action for cases exceeding the 90-day lapse in services.

SELACO Response: The SELACO stated that three of the participants have been exited from the WIA program and a copy of the exit forms are attached. Also, SELACO provided enrollment forms indicating that five of the participants are still receiving WIA services. Finally, SELACO stated that its MIS Manager will follow up with its Career Development Specialists and Unit Managers to use the monthly generated Client Action reports to ensure that appropriate updates are reported to avoid cases exceeding 90/or plus days of lapse in service.

State Conclusion: The action taken on the three participants described above and the CAP to ensure that 90-day lapse in service does not occur in the future, is sufficient to address those portions of the issue. Although SELACO provided enrollment information on the remaining five participants in question, we request documentation to demonstrate services have been provided to the participants. Therefore, we recommend that SELACO provide CRD with documentation to support the services provided to these participants or exit them and provide CRD documentation of its actions. In addition, this issue will remain open until we verify implementation of your CAP. Until then, this issue remains open and has been assigned CATS number 80070.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Division. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than June 30, 2008. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Division
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Mr. Ron Crossley

-11-

June 2, 2008

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is SELACO's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SELACO's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Stacy Corrales at (916) 653-6123.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a large, stylized loop at the end.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Norma McKay, MIC 50,
Gilbert von Studnitz, MIC 50